

ALUMINUM COMPANY OF CANADA, LIMITED

(Incorporated under the Companies Act of the Dominion of Canada)

AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

31ST DECEMBER, 1943

*On pourra se procurer le texte français de ce rapport, en s'adressant au
secrétariat de la Compagnie, 1700 immeuble Sun Life, ou au secrétariat
de l'Aluminium Limited, case postale 6090, à Montréal.*

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31st December, 1943

GEORGE O. MORGAN, *Director*

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1943, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminum Company of Canada, Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies are examined by the Companies' internal auditors whose reports are furnished to us. We were furnished by other independent accountants with audited financial statements of the subsidiaries operating outside of Canada whose records were not examined or tested by us. We have received all the information and explanations we have required.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the relative statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December, 1943, except that Fixed Assets are at rates determined at dates of acquisition.

We have satisfied ourselves that the inventories of aluminum and other products are valued at cost, which was below market at 31st December, 1943, and that inventories of materials and supplies are stated at the lower of cost or market. Intercompany profits have been excluded from inventories. The provisions for Income and Excess Profits taxes, considered adequate by the management, are subject to final determination by the appropriate tax authorities.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by exchange regulatory bodies of the countries in which the companies are carrying on operations.

The earned surplus at 31st December, 1942, has been adjusted in respect of sales, interest and tax adjustments affecting the operations of prior years, which adjustments were agreed subsequent to 31st December, 1942.

On the above basis we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1943, according to the best of our information and the explanations given to us, and as shown by the books of the companies examined by us and the financial statements above referred to; and that the relative consolidated statements of profit and loss and surplus fairly present the results of the combined operations of the companies.

PRICE, WATERHOUSE & CO.,

Auditors.

22nd March, 1944.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss

For the Year Ending 31st December, 1943

Profit for the year ending 31st December, 1943, after provision for Depreciation and Depletion (see footnote) but before taking into account the items shown below			\$28,123,622
Add:			
Interest, etc.			160,137
			<u>\$28,283,759</u>
Deduct:			
Interest on Indebtedness not maturing within one year ..	\$3,175,981		
Other Interest	1,954,220	\$ 5,130,201	
Executive Salaries		176,473	
(Parent and subsidiary companies)			
Legal Fees		66,884	
Directors' Fees		1,218	
Provision for Income and Excess Profits Taxes		11,038,662	
(including \$8,802,910 Canadian Taxes)			
Amortization of Expense of Preferred Share Issue		55,234	16,468,672
			<u>\$11,815,087</u>
Profit for the year carried to Earned Surplus			

NOTE: Provision for Depreciation and Depletion for the year amounted to \$69,816,565 of which \$4,531,643 was charged to Cost of Production and \$65,284,922 (including special provision of \$64,555,491 in respect of War Facilities) directly against Profits.

Consolidated Statement of Earned Surplus

Earned Surplus—31st December, 1942			\$28,830,451
Adjustments applicable to prior years:			
Sales Adjustments (net)	\$ 622,467		
Less: Canadian Income and Excess Profits Taxes thereon	503,494		118,973
			<u>\$28,711,478</u>
Earned Surplus (as adjusted)—31st December, 1942			
Profit for the year as above			11,815,087
			<u>\$40,526,565</u>
Dividends:			
Preferred, including Dividend payable 1st February, 1944	\$ 749,917		
Common	9,000,000		9,749,917
			<u>\$30,776,648</u>
Earned Surplus—31st December, 1943			

ALUMINUM COMPANY OF CANADA, LIMITED and Subsidiary Companies

Consolidated Balance Sheet

31st December, 1943

LIABILITIES

CAPITAL STOCK:

5% Cumulative Redeemable S.F. Preferred Shares—Par \$100— 150,000 Shares issued in 1943 and outstanding.....	\$ 15,000,000	
Common Shares—No Par—1,500,000 Shares outstanding.....	15,000,000	\$ 30,000,000

ALUMINUM COMPANY OF CANADA, LIMITED—NOTES PAYABLE:

3% Redeemable Notes, due 1961—payable to the British Government—principal and interest abatable in certain circumstances as provided in the contracts under which they were issued.....	\$ 55,600,000	
3% Note, due 1953—payable to the British Government.....	5,000,000	
3% Notes (U.S. \$12,350,000) to Export-Import Bank, Washington, D.C.—payable U.S. \$620,000 annually, balance in 1952 and 1953.....	13,585,000	
1¾% Bank Loan, due 1944 (U.S. \$15,000,000)—refundable into Export-Import Bank, Washington, D.C. 10-year 3% Loan payable 5% annually, balance at maturity.....	16,500,000	90,685,000

FUNDED DEBT OF SUBSIDIARIES:

Aluminum Power Company, Ltd.:		
First Mortgage 4% Bonds, due 1968:		
Series "A"—payable in Canadian currency.....	\$ 9,500,000	
Series "B"—payable in U.S. currency.....	9,500,000	
Second Hypothec, securing Contractual Obligation for annual payments, which may be commuted for.....	14,241,647	
The Roberval & Saguenay Railway Company:		
40 Year 7% Consolidated Sinking Fund Mortgage Bonds, due 1955.....	1,330,000	34,571,647

ADVANCE PAYMENTS ON SALES CONTRACTS.....		58,773,796
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CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 30,426,093	
Accounts Payable to Affiliated Companies.....	375,914	
Preferred Dividend payable 1st February, 1944.....	187,500	
Reserves for Income and Excess Profits Taxes.....	5,632,615	36,622,122

OPERATING RESERVES AND DEFERRED CREDITS.....	610,308	
RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY VALUES.....	6,430,004	
REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra).....	544,773	
EARNED SURPLUS.....		30,776,648

\$289,014,298

NOTE: The Aluminum Power Company, Ltd. Second Hypothec, and the annual payments secured thereunder, are payable in Canadian Currency and in U.S. currency in equal parts.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL, *President*

J. H. ALGER, *Vice-President*

E. BLOUGH

President, Aluminium Laboratories, Limited
Montreal

EDWARD K. DAVIS

President, Aluminium Limited
Montreal

AIMÉ GEOFFRION, K.C.

Geoffrion & Prud'homme
Montreal

E. G. MACDOWELL

President, Aluminium Union Limited
Montreal

E. A. MACNUTT

Vice-President, Sun Life Assurance Company of Canada
Montreal

GEORGE O. MORGAN

President, Aluminium Securities Limited
Montreal

J. F. VAN-LANE

Secretary, McCarthy & McCarthy
Toronto

A. W. WHITAKER, JR., *Vice-President and General Manager*

McNEELY DUBOSE, *Vice-President*

F. L. FARRELL, *Treasurer*

H. R. WAKE, *Secretary**

*Deceased—2nd March, 1944.

